

BRANSTETTER, KILGORE, STRANCH & JENNINGS

ATTORNEYS AT LAW

227 SECOND AVENUE NORTH

FOURTH FLOOR

NASHVILLE, TENNESSEE 37201-1631

CECIL D. BRANSTETTER, SR.
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R. JAN JENNINGS*
CARROL D. KILGORE
DONALD L. SCHOLES
JAMES G. STRANCH, III
JANE B. STRANCH

JOE P. LENISKI, JR.
MARK A. MAYHEW
J. GERARD STRANCH, IV

*ALSO ADMITTED IN GA

RECEIVED

2004 NOV 23 AM 9:41

T.R.A. DOCKET ROOM

November 23, 2004

TELEPHONE
(615) 254-8801

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(615) 255-5419

Ms. Sharla Dillon
Docket Room Manager
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

Via Hand Delivery

Re: Petition of Lynwood Utility Corporation for Approval of Transfer and Control
Nunc Pro Tunc
Docket No. 04-00360

Dear Sharla,

I have enclosed for filing an original and five copies of the Response of Lynwood Utility Corporation to the Staff's Data Request No. 1 in this docket. I have enclosed an extra copy which I would appreciate your returning to me stamped filed. Thank you for your assistance in this matter.

Sincerely yours,

Donald L. Scholes

DONALD L. SCHOLES

Enclosure
c. Tyler Ring

BKSJ File No. 04-477

BEFORE THE TENNESSEE REGULATORY AUTHORITY

Nashville, Tennessee

In re: PETITION OF LYNWOOD UTILITY)
CORPORATION FOR APPROVAL)
OF TRANSFER AND CONTROL) DOCKET NO. 04-00360
***NUNC PRO TUNC*)**

PETITIONER'S RESPONSE TO DATA REQUEST NO. 1

Comes now Lynwood Utility Corporation (Lynwood) and files this Response to Staff Data Request No. 1 in this matter.

1. Confirm that Lynwood wishes to continue providing service under the current name and CCN for the foreseeable future

Response. Lynwood will continue to provide sewer service under its current name and CCN for the foreseeable future.

2. In Lynwood's petition, it states that the new shareholders have invested \$980,000.00 in plant improvements in order to meet NPDES standards as a result of a suit brought by the Tennessee Department of Environment and Conservation. How was the investment recorded on the balance sheet of Lynwood? If it was recorded as a liability, please list terms, interest rates, and provide a copy of the loan agreement.

Response: The Petition in this matter does state that Southern Utility Corporation has invested approximately \$980,000 in upgrades and improvements to the Lynwood sewer treatment plant. The Petition should have more correctly stated that Lynwood has spent approximately \$980,000 in upgrades and improvements to its sewer treatment plant since the transfer of ownership and control of Southern Utility Corporation to Tyler Ring and Johnny

Ring. Lynwood recorded the amount spent in 2003 as an accounts payable which amount is now a short term loan from the shareholders at prime rate and permanent financing arrangements are being made which permanent loan will be submitted to the Authority for its approval.

3 Are Lynwood's owners aware that under T.C.A. § 65-4-109, the Authority must approve of any debt issuance by a public utility? That rule states:

65-4-109. Issuance of stocks or other evidences of indebtedness.

No public utility shall issue any stocks, stock certificates, bonds, debentures, or other evidences of indebtedness payable in more than one (1) year from the date thereof, until it shall have first obtained authority from the authority for such proposed issue. It shall be the duty of the authority after hearing to approve any such proposed issue maturing more than one (1) year from the date thereof upon being satisfied that the proposed issue, sale and delivery is to be made in accordance with law and the purpose of such be approved by the authority.

Response: Yes.

4. Provide a copy of Lynwood's financial statements before the transaction and after the transaction with the infusion of the new plant upgrades.

Response: Please see Lynwood's annual report for 2003 for its financial statements for the twelve months ended December 31, 2003. Lynwood has not prepared any formal financial statements since that date, but it expects to have its 2004 financial statements prepared and timely filed with the Authority

5. Provide evidence of the dismissal of TDEC's suit.

Response: A copy of the Consent Order and Dismissal is attached.

6. Confirm that customer rates/tariffs and terms of operations have not changed since the transaction and any plans that may involve rate increases and/or operational changes for the customers.

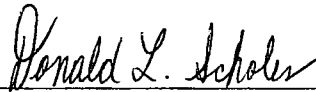
Response: The rates/tariffs and terms of operations have not changed since the change in ownership, and Lynwood has no present plans for rate increases or operational changes for its customers.

7. Has the Secretary of State been notified of the change of ownership?

Response: Southern Utility Corporation filed its 2003 annual report with the Tennessee Secretary of State since the stock of Southern Utility Corporation was transferred to Tyler Ring and John Ring. A copy of the 2003 Annual Report filed in April of 2004 is attached

Dated this 23rd day of November, 2004.

Respectfully submitted,



DONALD L. SCHOLES BPR# 10102
Branstetter, Kilgore, Stranch & Jennings
227 Second Avenue, North, Fourth Floor
Nashville, TN 37201-1631
(615) 254-8801

Attorney for Lynwood Utility Corporation

IN THE CHANCERY COURT FOR THE STATE OF TENNESSEE
TWENTIETH JUDICIAL DISTRICT, DAVIDSON COUNTY

RECEIVED

JUN 21 2004

Davidson County Chancery Court

STATE OF TENNESSEE, ex rel.)
PAUL G. SUMMERS, in his official capacity)
as the Attorney General And Reporter of)
Tennessee and MILTON H. HAMILTON, JR.)
Commissioner of the Tennessee Department of)
Environment and Conservation,)

Plaintiffs,)

MATT and ANN DOBSON, MARTIN and)
LAURIE CLAYTON, HANK and MARY)
BROCKMAN, DR. DANIEL and LORIE)
CANALE, BRENT and JANEL MAHER,)
DIANNA MAHER, RON and DONNA TUTT,)
and DR. BEN GRIFFITH,)

Plaintiffs-Intervenors,)

v.)
SOUTHERN UTILITY CORPORATION,)
d/b/a LYNWOOD UTILITY,)
CORPORATION and DAVIS LAMB,)

Defendants.)

No. 02-1538-III
Notice of Entry Requested Per
Tenn. R. Civ. P. 58

CONSENT ORDER AND DISMISSAL

It appears to the Court, as evidenced by the signatures of counsel for all parties affixed below, that the parties have compromised and settled all matters in dispute between and among them with respect to the subject matter of this litigation. As part of this settlement, the parties agree as follows:

1. Defendants Southern Utility Corporation d/b/a Lynwood Utility Corporation and

Davis Lamb shall collectively pay a civil penalty in the amount \$70,000.00 to the State of Tennessee and damages in the amount of \$30,000.00 to the plaintiffs-intervenors within 30 days of entry of this Order by the Court.

2. Defendants shall make no further connections, line extensions, or allow increased flows to their waste water collection system, except in accordance with their NPDES permit.

3. From the date of entry of this consent order through July 31, 2006, defendants may be subject to a civil penalty of up to \$1,000.00 for each violation in the event defendants' facility violates effluent limits for total suspended solids, settleable solids, carbonaceous biochemical oxygen demand, pH, ammonia, total residual chlorine, total phosphorous, fecal coliform, *e. coli* and dissolved oxygen, or per instance of collection system overflows or in-plant bypasses.

4. From the date of entry of this consent order through April 30, 2005, defendants may be subject to a civil penalty of up to \$500.00 for each violation in the event defendants' facility violates the effluent limits for total nitrogen. From April 30, 2005 through July 31, 2006, defendants may be subject to a civil penalty of up to \$1,000.00 for each violation in the event defendants' facility violates the effluent limits for total nitrogen.

5. The total contingent civil penalties assessed against defendants under items 3 and 4 shall not exceed a total of \$10,000.00 for any given month.

IT IS THEREFORE ORDERED, ADJUDGED and DECREED that:

1. Defendants Southern Utility Corporation d/b/a Lynwood Utility Corporation and Davis Lamb shall collectively pay \$70,000.00 in civil penalties to the State of Tennessee and \$30,000.00 in damages to the plaintiffs-intervenors within 30 days of entry of this Order;

2. Defendants shall make no further connections, line extensions, or allow increased flows to their waste water collection system, except in accordance with their NPDES permit;

3. From the date of entry of this consent order through July 31, 2006, defendants may be subject to a civil penalty of up to \$1,000.00 for each violation in the event defendants' facility violates effluent limits for total suspended solids, settleable solids, carbonaceous biochemical oxygen demand, pH, ammonia, total residual chlorine, total phosphorous, fecal coliform, *e. coli* and dissolved oxygen, or per instance of collection system overflows or in-plant bypasses;

4. From the date of entry of this consent order through April 30, 2005, defendants may be subject to a civil penalty of up to \$500.00 for each violation in the event defendants' facility violates the effluent limits for total nitrogen. From April 30, 2005 through July 31, 2006, defendants may be subject to a civil penalty of up to \$1,000.00 for each violation in the event defendants' facility violates the effluent limits for total nitrogen;

5. The total contingent civil penalties assessed against defendants under items 3 and 4 shall not exceed a total of \$10,000.00 for any given month;

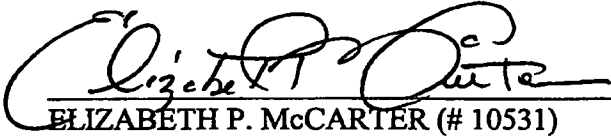
6. All court costs shall be borne by the named defendants in this action;

7. This action is hereby dismissed with prejudice.

IT IS SO ORDERED.

ELLEN HOBBS LYLE
Chancellor

APPROVED FOR ENTRY:



ELIZABETH P. McCARTER (# 10531)

Senior Counsel

R. STEPHEN JOBE (# 17426)

Assistant Attorney General

Office of the Attorney General

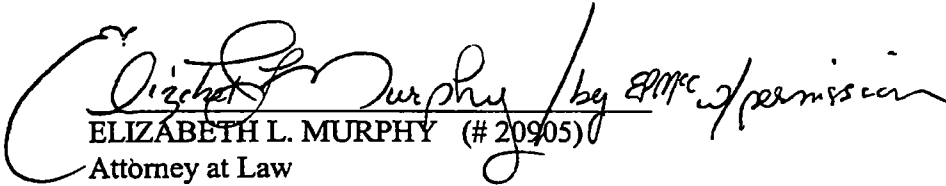
Environmental Division

P. O. Box 20207

Nashville, Tennessee 37202

(615) 532-2582

Attorneys for Plaintiffs



ELIZABETH L. MURPHY (# 20905)

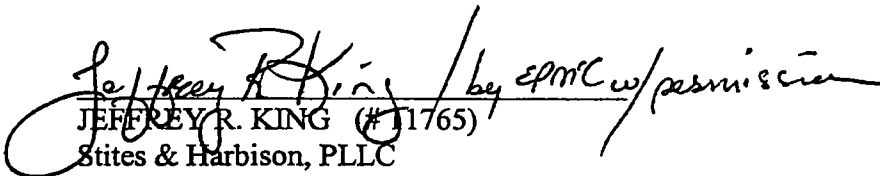
Attorney at Law

45 Music Square West

Nashville, TN 37203

(615) 251-9966

Attorney for Plaintiffs-Intervenors



JEFFREY R. KING (# 11765)

Stites & Harbison, PLLC

Sun Trust Center

424 Church Street, Suite 1800

Nashville, TN 37219

(615) 782-2293

Attorney for Defendants

Annual Report Filing Fee Due:

(520) If no changes are made in block #6 to the registered agent/office, or
\$40, If any changes are made in block #6 to the registered agent/office

CK 1013

4/1/04

TENNESSEE SECRETARY OF STATE
Attn: Annual Report
312 Eighth Ave. N, 6th Floor
William R. Snodgrass Tower
Nashville, TN. 37243

CURRENT FISCAL YEAR CLOSING MONTH 12 IF DIFFERENT, THIS REPORT IS DUE ON OR BEFORE 04/01/04
CORRECT MONTH IS

(1) SECRETARY OF STATE CONTROL NUMBER 0370795

(2A) NAME AND MAILING ADDRESS OF CORPORATION

SOUTHERN UTILITY CORPORATION
245 SPENCER CREEK RD
FRANKLIN, TN 37069
|||||

D 05/12/1999 FOR PROFIT

(2B) STATE OR COUNTRY OF INCORPORATION:

TENNESSEE

(2C.) ADD OR CHANGE MAILING ADDRESS:

5250 VIRGINIA WAY, STE 155
BRENTWOOD, TN 37027

(3) A. PRINCIPAL ADDRESS INCLUDING CITY, STATE, ZIP CODE:
245 SPENCER CREEK RD, FRANKLIN, TN 37069

B. CHANGE OF PRINCIPAL ADDRESS:

STREET	CITY	STATE	ZIP CODE + 4
5250 VIRGINIA WAY, STE 155	BRENTWOOD	TN	37027

(4) NAME AND BUSINESS ADDRESS, INCLUDING ZIP CODE OF THE PRESIDENT, SECRETARY AND OTHER PRINCIPAL OFFICERS:
(ATTACH ADDITIONAL SHEET IF NECESSARY)

TITLE	NAME	BUSINESS ADDRESS	CITY, STATE, ZIP CODE + 4
PRESIDENT	TYLER RING	5250 VIRGINIA WAY, STE 155	BRENTWOOD, TN 37027
SECRETARY	SCOTT FENDLEY	SAME	

(5) BOARD OF DIRECTORS (NAMES BUSINESS ADDRESS INCLUDING ZIP CODE). (ATTACH ADDITIONAL SHEET IF NECESSARY)

☐ SAME AS ABOVE ☐ NONE
CITY, STATE, ZIP CODE + 4

(6) A. NAME OF REGISTERED AGENT AS APPEARS ON SECRETARY OF STATE RECORDS

DOUGLAS A. BRACE

B. REGISTERED ADDRESS AS APPEARS ON SECRETARY OF STATE RECORDS:

200 FOURTH AVE NORTH, 3RD FLOOR, NASHVILLE, TN 37219

C. INDICATE BELOW ANY CHANGES TO THE REGISTERED AGENT NAME AND/OR REGISTERED OFFICE

(I) CHANGE OF REGISTERED AGENT:

(II) CHANGE OF REGISTERED OFFICE:

STREET	CITY	STATE	ZIP CODE + 4	COUNTY
--------	------	-------	--------------	--------

(7) A. THIS BOX APPLIES ONLY TO NONPROFIT CORPORATIONS OUR RECORDS REFLECT THAT YOUR NONPROFIT CORPORATION IS A PUBLIC BENEFIT OR A
MUTUAL BENEFIT CORPORATION AS INDICATED IF BLANK OR INCORRECT, PLEASE CHECK APPROPRIATE BOX:

☐ PUBLIC
☐ MUTUAL

B. IF A TENNESSEE RELIGIOUS CORPORATION PLEASE CHECK BOX IF BLANK.

☐ RELIGIOUS

(8) SIGNATURE

(9) DATE

4/1/04

(10) TYPE PRINT NAME OF SIGNER

SCOTT FENDLEY

(11) TITLE OF SIGNER

SECRETARY

** THIS REPORT MUST BE DATED AND SIGNED **



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